

Message Text

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PAGE 01 JIDDA 06580 131427Z
ACTION NEA-10

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R 131355Z SEP 78
FM AMEMBASSY JIDDA
TO SECSTATE WASHDC 3277
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AMEMBASSY TOKYO
AMCONSUL DHAHRAN
USLO RIYADH

C O N F I D E N T I A L JIDDA 6580

E.O. 11652: GDS
TAGS: EINV, OVIP, EGEN, ENRG, SA, JA
SUBJECT: JAPANESE PREMIER TAKEO FUKUDA'S VISIT: ECONOMIC ASPECTS

1. LOCAL U,S, REPORTER FOR ARAB NEWS HAS PROVIDED SOME SOUNDINGS

OBTAINED FROM SAUDI OFFICIAL CIRCLES REGARDING SOME OF
THE AIMS OF FUKUDA VISIT AND SOME OF THE POINTS WHICH SAUDIS
MIGHT RAISE WITH JAPANESE.

2. FIRST OF ALL, DISCUSSIONS JOURNALIST HAD WITH SAUDI MINISTER
OF PLANNING, HISHAM NAZER, AND OTHERS INDICATE THAT FUKUDA
INTENDS RE-OPEN THE MITSUBISHI BID TO BECOME INVOLVED IN THE
PETROCHEMICAL INDUSTRY AT JUBAIL. IN 1976 MITSUBISHI, CONCERNED
ABOUT PETROCHEMICAL PLASTIC GLUT IN WORLD MARKETS AND RELUCTANT
TO GIVE ASSURANCES OF MARKET OUTLET FOR PRODUCTION, PULLED OUT
OF JUBAIL PROJECT. NOW THE JAPANESE APPARENTLY WANT AGAIN TO BE
IN ON

THE PROJECT AND HAVE REPORTEDLY BEEN PRODDED TOWARDS THIS BY SAG
OFFICIALS WHO HAVE VISITED TOKYO DURING THE PAST YEAR. SAUDI RADIO
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PAGE 02 JIDDA 06580 131427Z

ARABIC BROADCAST ON SEPTEMBER 11, 1978, CONFIRMED THIS WITH REPORT
THAT FUKUDA ANNOUNCED ON HIS ARRIVAL AT TAIF THAT A CERTAIN
JAPANESE FIRM WILL COOPERATE WITH SAG REGARDING THE DEVELOPMENT
OF INDUSTRIALIZATION IN THE KINGDOM.

3. THE US CORRESPONDENT INFORMED US THAT ONE OF THE PROBLEM AREAS
FOR THE SAUDIS IS JAPAN'S RECENT BROAD AGREEMENT WITNT THE PRC

WHICH IS COUNTER TO THE STRONG SAUDI INTEREST AND SUPPORT FOR THE ROC ON TAIWAN. HE OBSERVED THAT SINCE THE PEOPLES REPUBLIC OF CHINA WAS SO STRONGLY ANTI-SOVIET UNION, THE SAUDIS COULD DIGEST THIS PROBLEM ACCORDING TO HIGHER UNNAMED SAUDI CIRCLES. NEVERTHELESS, SAME CIRCLES STATE THAT JAPANESE WILL BE REMINDED OF STRONG SAUDI SUPPORT POLICY FOR ROC ON BASIS OF GENERAL ANTI-COMMUNIST POLICY.

4. WE GENERALLY SUPPORT THE ABOVE OBSERVATIONS BUT EXPECT THAT A NUMBER OF OTHER ECONOMIC ISSUES INVOLVING GROWING JAPANESE-SAUDI RELATIONS WILL TAKE PRECEDENCE OVER PURELY POLITICAL MATTERS. OTHER SAUDI, HOWEVER, OBSERVE THAT SINCE THE JAPANESE CURRENTLY HAVE LITTLE ABILITY TO PROVIDE SAUDIS WITH MILITARY SUPPORT, THEY WILL NOT BE GIVEN ALL OUT ASSURANCES ON ANY SUBJECT OR POLICY THAT WOULD CONFLICT WITH U.S. AND EUROPEAN INTERESTS.

5. IT SHOULD BE NOTED, HOWEVER, THAT JAPAN IS CURRENTLY THE SECOND LARGEST EXPORTER OF GOODS, AFTER THE U.S. TO SAUDI ARABIA AND IS A PRIME ALTERNATIVE SOURCE FOR SAUDI ARABIA'S INDUSTRIALIZATION GOALS IF U.S. AND EUROPEAN INVESTORS ARE NOT FORTHCOMING. WEST

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